

374

Dr. [redacted] has requested that the Bureau determine the best method for reporting the expenses incurred by him in preparing his book "The Human Brain" and in his experiments. Dr. [redacted] would like to know whether the usual business expenses incurred by him in preparing his book and in his experiments are deductible as business expenses and if so, what value of expense, if any, represents the amount which is subject to Federal income taxation.

At this time, to date the request for method the expert could be recommended is that Dr. [redacted] expense his entire travel and \$500. Under this method Dr. Heath would be required to return his travel expenses incurred by him in the experiments, but it is necessary to produce the report. As this full amount would be completely deductible, Dr. [redacted] would not have to report it on his Federal income tax return. This method is not recommended because it ties us in writing to closely with the actual experimentation to be done by Dr. [redacted]. If something should happen as a result of his performing experiments on human beings, the contract would be violated if we did not have a complete report on the experiments that we performed. We would then have to either discontinue the work, or to be prepared to pay for the damage caused to the human being. The only problem with this method is that it would be difficult to prove that the expense was for the experiments.

56-65

374

and the University would be asked to make a written response to the
same. It is also requested that the University be asked to respond individually
as to the nature of the contract and the expenses involved in the
expedition. A list of questions to be considered follows, along with a list of
questions to be considered by the University.

It is desired that the University fits in the
picture. It was our understanding that the contract would be drawn directly
between CIA and Dr. [redacted] and that the Office of [redacted] would not even be
involved. The message from the CO writer indicates some sort of a way in which
[redacted] or a university is to play in this arrangement. We would like it clarified
as to how to proceed with any necessary revision of the contract because
of [redacted] participation therein.

56-66